



Andover Bank

A Better Way...

FOR IMMEDIATE RELEASE

The Board of Directors has declared a semi-annual dividend of \$0.365 per share to our shareholders of record on December 23, 2018. This dividend, added to the first half dividend of \$0.36 per share, reflects a total dividend declared for 2018 of \$0.725 per share, for an increase of 1.40% over the \$0.715 dividend declared for 2017.

We are pleased to announce that this is the 36th consecutive year of paying a dividend. We are proud to be able to continue our strong history of dividends, as it demonstrates the long-term financial strength of The Andover Bank.

We are on target to achieve operating results in 2018 similar to the \$3.84 million in net income recorded for 2017.

Economically, 2018 was a strong year. Forecasts for 2019 favor slower growth and a generally more difficult operating environment for banks. The US Federal Reserve Bank has continued to increase short-term rates while long-term rates have declined. This flattened yield curve puts direct pressure on our net interest margin. However, we feel the bank is well-positioned to operate efficiently in a scenario where rates rise or fall. Additionally, we feel our balance sheet, specifically the quality of our loan and investment portfolios, can weather any downturn in the economy.

In 2018, we made significant progress in redefining how we do business, and have several initiatives set to be unveiled in early 2019. A new logo and branding, accompanying a new website and an internet domain name change to Andover.Bank, are all scheduled for February. These changes, along with our newly adopted service standards and revamped consumer products, increase our ability to exceed customer expectations in the communities we serve.

We wish all of you a happy and prosperous New Year. Thank you for supporting your locally owned, independent community bank that has been operating since 1884.

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